

IROBOT CORP
Form 10-Q
May 04, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED March 31, 2012

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 000-51598

iROBOT CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

77-0259 335
(I.R.S. Employer

Identification No.)

8 Crosby Drive

Bedford, MA 01730

(Address of principal executive offices)

(Zip code)

(781) 430-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's Common Stock as of April 30, 2012 was 27,464,866.

iROBOT CORPORATION

FORM 10-Q

THREE MONTHS ENDED MARCH 31, 2012

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Consolidated Balance Sheets

(unaudited)

	March 31, 2012	December 31, 2011
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 166,798	\$ 166,308
Short term investments	15,277	17,811
Accounts receivable, net of allowance of \$85 at March 31, 2012 and \$88 at December 31, 2011	29,907	43,338
Unbilled revenue	1,240	2,362
Inventory	31,681	31,089
Deferred tax assets	16,222	15,344
Other current assets	5,078	7,928
Total current assets	266,203	284,180
Property and equipment, net	28,209	29,029
Deferred tax assets	12,640	6,127
Other assets	18,784	12,877
Total assets	\$ 325,836	\$ 332,213
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 44,302	\$ 48,406
Accrued expenses	19,108	17,188
Accrued compensation	7,730	17,879
Deferred revenue and customer advances	2,422	1,527
Total current liabilities	73,562	85,000
Long term liabilities	4,189	4,255
Commitments and contingencies (Note 6)		
Redeemable convertible preferred stock, 5,000,000 shares authorized and none outstanding		
Common stock, \$0.01 par value, 100,000,000 shares authorized; 27,374,152 and 27,216,555 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	274	272
Additional paid-in capital	188,721	184,395
Retained earnings	58,793	58,140
Accumulated other comprehensive income	297	151
Total stockholders equity	248,085	242,958
Total liabilities, redeemable convertible preferred stock and stockholders equity	\$ 325,836	\$ 332,213

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Income

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended	
	March 31, 2012	April 2, 2011
Revenue:		
Product revenue	\$ 91,742	\$ 96,711
Contract revenue	6,065	9,566
Total revenue	97,807	106,277
Cost of revenue:		
Cost of product revenue (1)	58,275	56,190
Cost of contract revenue (1)	5,519	6,633
Total cost of revenue	63,794	62,823
Gross margin	34,013	43,454
Operating expenses:		
Research and development (1)	8,724	8,729
Selling and marketing (1)	13,570	12,981
General and administrative (1)	11,042	10,600
Total operating expenses	33,336	32,310
Operating income	677	11,144
Other income (expense), net	220	238
Income before income taxes	897	11,382
Income tax expense	244	3,905
Net income	\$ 653	\$ 7,477
Net income per share		
Basic	\$ 0.02	\$ 0.29
Diluted	\$ 0.02	\$ 0.27
Number of shares used in calculations per share		
Basic	27,352	26,089
Diluted	28,283	27,485

- (1) Total stock-based compensation recorded in the three months ended March 31, 2012 and April 2, 2011 included in the above figures breaks down by expense classification as follows:

Consolidated Statements of Income

Three Months Ended

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	March 31, 2012	April 2, 2011
Cost of product revenue	\$ 291	\$ 250
Cost of contract revenue	118	95
Research and development	259	81
Selling and marketing	237	181
General and administrative	1,608	1,172

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended	
	March 31,	April 2,
	2012	2011
Net income, as reported	\$ 653	\$ 7,477
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investments, net of tax	145	(26)
Total comprehensive income	\$ 798	\$ 7,451

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Three Months Ended	
	March 31, 2012	April 2, 2011
Cash flows from operating activities:		
Net income	\$ 653	\$ 7,477
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,602	2,183
Loss on disposal of property and equipment	69	470
Stock-based compensation	2,513	1,779
Deferred income taxes, net	(6,694)	2,442
Tax benefit of excess stock based compensation deductions	(705)	(2,442)
Non-cash director deferred compensation	22	38
Changes in operating assets and liabilities (use) source		
Accounts receivable	13,431	6,447
Unbilled revenue	1,122	(3,922)
Inventory	(592)	(7,911)
Other assets	2,832	(1,929)
Accounts payable	(4,104)	5,555
Accrued expenses	2,003	(915)
Accrued compensation	(10,149)	(9,678)
Deferred revenue	895	114
Long term liabilities	(66)	389
Net cash provided by operating activities	3,832	97
Cash flows from investing activities:		
Additions of property and equipment	(1,643)	(4,554)
Change in other assets	(6,000)	
Purchases of investments		(5,000)
Sales of investments	2,500	2,500
Net cash used in investing activities	(5,143)	(7,054)
Cash flows from financing activities:		
Proceeds from stock option exercises	1,323	4,584
Income tax withholding payment associated with restricted stock vesting	(227)	(453)
Tax benefit of excess stock-based compensation deductions	705	2,442
Net cash provided by financing activities	1,801	6,573
Net increase (decrease) in cash and cash equivalents	490	(384)
Cash and cash equivalents, at beginning of period	166,308	108,383
Cash and cash equivalents, at end of period	\$ 166,798	\$ 107,999
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 262	\$ 2,699

The accompanying notes are an integral part of the consolidated financial statements.

Notes To Consolidated Financial Statements

(unaudited)

1. Description of Business

iRobot Corporation (iRobot or the Company) develops robotics and artificial intelligence technologies and applies these technologies in producing and marketing robots. The m